

Transaction Processing

Visa operates the world's most comprehensive and reliable consumer electronic payments processing system. The proprietary network, known as VisaNet, links issuers and acquirers for transaction processing services and, through issuers and acquirers, enables Visa cardholders to use their cards at millions of merchants worldwide. Transaction processing, in its simplest form, involves the following steps facilitated by VisaNet: 1) the card swipe at the point of sale or ATM, 2) authentication of the cardholder and risk analysis for possible fraud, 3) issuing bank transaction approval and 4) clearance and settlement of funds between the issuer and the acquirer. VisaNet is capable of processing up to 8,000 transaction messages per second or more than 255 billion transaction messages annually. Transaction processing services are available 24 hours a day, every day of the year. In the event that Visa's main processing facility is disabled, backup systems are located at separate facilities. Transaction processing systems have redundant power supplies, communication links and backup processes designed to ensure continuous operations.

Visa Products

Visa's vision of anywhere, anytime and any way payment solutions delivers unprecedented choice, convenience and control to consumers – both now and in the future. The success of that vision relies heavily on Visa's consumer products.

Visa defines and develops consumer product strategies, standards and policies (collectively known as platforms) that enable members to offer unparalleled interoperable credit, debit and prepaid products representing the brand consumers choose more often than any other. We have developed a variety of product platforms for the consumer marketplace, each with unique attributes. We have three major platforms: Visa Flag, Visa Electron and PLUS, as well as a suite of niche platforms to address specific customer segments and market situations. Key platforms are represented graphically by acceptance marks that appear at points of transaction to indicate that Visa products are accepted for payment at those locations. Our members build upon these platforms and create Visa branded payment products that appeal specifically to their target customers

and use the acceptance marks to designate where their products can be used. There are three choices that apply to each Visa branded consumer product: credit ("pay later"), debit ("pay now") and prepaid ("pay before"). Niche platforms are local programs that meet specific payment needs that may operate under different acceptance marks. Of course, local needs determine which Visa products are offered in any particular country.

Consumer – Credit

Our consumer credit business model is designed with highly flexible product platforms and support that provide members the ability to differentiate and target their products across a range of consumer segments. Products built on the Visa Flag platform make up the most widely issued and accepted cards in the world. The most common credit products that our members offer their cardholders are Visa Classic, Visa Gold and Visa Platinum. There are also two "super premium" products, Visa Signature and Visa Infinite, that are offered in different markets. Through these products, Visa issuers can offer cardholders a broad array of complementary rewards programs, privileges and special offers to meet the increasing demands.

Consumer – Debit

We provide the industry's most complete debit offerings through a suite of platforms, including Visa Electron, Visa Debit and the Visa/PLUS global ATM network, as well as a number of country-specific or regional debit solutions. Visa debit platforms allow our members to provide consumers with convenient access to funds on deposit in checking, demand deposit and other accounts. Transactions processed on a debit card generally withdraw available funds directly from a cardholder's account in accordance with terms established by the card issuer and, in some cases, may involve an extension of credit by the issuer.

Consumer – Prepaid

Visa prepaid or "stored value" products provide payment solutions in a variety of circumstances where consumers and businesses have traditionally used cash, checks or payment vouchers. Prepaid products extend the power of Visa to unbanked populations, such as teen cards or remittance cards, and complement credit and debit products for existing Visa cardholders, for example, gift cards.

Business and Government – Commercial

Visa has developed a suite of global commercial payment and information management products that help members deliver comprehensive solutions to companies of all types. These payment products and related information management services allow organizations to better manage cash flow through improvements such as streamlining the procurement process, reducing travel, entertainment and administrative expenses, enhancing reporting of spend data, facilitating management of supplier relationships and improving visibility into payment timing. Our global solutions include Visa Corporate, Visa Purchasing, Visa Business, Visa Business Electron and Visa Distribution. Visa Commerce, our newest commercial payment platform (currently in pilot), is designed to address the need for a high value, global business-to-business payment and settlement service.

Product Risk Management

We consider reducing fraud to be one of our highest priorities. We provide an integrated suite of risk management programs and technology-based tools designed to prevent, identify and control fraudulent activity at the cardholder and merchant level. Our risk management group works closely with members, law enforcement and government agencies worldwide to help identify unusual patterns of cardholder and merchant activity at the earliest possible stage. Our efforts in this area support programs specifically designed for both issuing and acquiring members and encompass a wide range of activities including card technology research and development, manufacturing and technology security standards, card and travelers cheque investigations, counterfeit card recovery and legislative initiatives.

In addition, because Internet security is a critical priority, we have a global Secure e-Commerce Security Initiative that combines improvements in technology, policies and industry best practices in a comprehensive global framework. This initiative is designed to increase consumer confidence and bring the same level of convenience, acceptance and security to the virtual world as we have in the physical world. Our most prominent program, "Verified by Visa™," reduces the potential for unauthorized use on the Internet and increases consumer confidence in online shopping.

Emerging Technologies

We believe our technologies are inventing the future of payments. We continue to identify opportunities to integrate new technologies with our product platforms. A few examples are chip-related technology (smart cards), proximity payments and Visa Mini.

Smart cards can store encrypted confidential information, such as account data, which is almost impossible to copy. Globally, over 105 million Visa EMV-compliant smart cards (EMV is a standard developed through a joint venture among Europay, Mastercard and Visa to govern chip card and terminal interaction) are in use around the world and over 2 million EMV point-of-sale terminals are in place. Millions more Visa EMV smart cards are being issued every month, with the majority of the growth in Asia-Pacific and Europe.

Proximity payments are new ways to pay without having to hand a card to a cashier or insert it into a card reader. When speed or convenience is important or where handing over cash or a card is difficult, proximity payments add real value. We have developed a number of global specifications to advance the development of proximity payments.

Visa Mini, a miniature payment card, represents a major breakthrough in card-design. A perforated hole in the bottom-left corner allows the cardholder to attach the card to their key chain, mobile phone or other carry-along device. To date, more than 21 million Visa Mini cards have been issued worldwide.

Global Performance Metrics

Although the payment card industry is less than 50 years old, it has quickly become part of consumers' and merchants' lives and a viable alternative used instead of cash and checks. Visa clearly leads the industry as evidenced by the following key market statistics:

September 30,	(Unaudited)				
	2004	2003	2002	2001	2000
Card Sales Volume (dollars in trillions)	\$ 3.3	\$ 2.9	\$ 2.6	\$ 2.2	\$ 1.9
Total Transaction Volume (billions)	42.9	37.4	33.4	29.1	24.8
Number of Cards in Circulation (millions)	1,188	1,052	960	869	783
Number of Accounts (millions)	998	879	812	732	655
Share of PCE	8.1%	7.6%	7.1%	6.4%	6.0%

Set forth above is selected global statistical information related to Visa's performance for each of the fiscal years in the five-year period ended September 30, 2004. Most of the statistical information is based on operating certificates compiled and reported by Visa's members and is unaudited. For purposes of the table, Card Sales Volume represents purchase volume plus cash volume and includes the impact of balance transfers and convenience checks, but excludes certain emerging market domestic volume. The number of cards in circulation excludes proprietary PLUS and Interlink-branded cards. The statistical data, other than the number of member institutions, consists of both credit programs and off-line debit programs and excludes on-line PIN-based debit programs. Credit programs include Visa branded credit programs. Off-line debit programs refer to Visa branded debit programs where the primary means of cardholder validation at the point of sale is for cardholders to sign a sales receipt.

The statistical information denominated in U.S. dollars is calculated by applying an established U.S. dollar/local currency exchange rate for each local currency in which Visa volumes are reported. These exchange rates are calculated on a quarterly basis using the average exchange rate for each quarter.

Card Sales Volume ("CSV")

In fiscal 2004, Visa's volume of transactions was over \$3.3 trillion, 12.8% higher than 2003. CSV measures the monetary value of total retail and cash transactions initiated with Visa products globally.

Number of Transactions

In fiscal 2004, the number of transactions on Visa products for its cardholders was over 42.9 billion, 14.6% higher than 2003.

Number of Cards and Accounts

The total number of Visa cards in circulation was 1.2 billion, a 12.9% increase over 2003. At September 30, 2004, Visa had 998 million accounts worldwide, 13.5% higher than 2003. An account is an issuer-assigned card number that may be assigned to more than one cardholder (for example, a husband and wife may share an account number and be issued two cards). Average annual spending per account was \$3,272 in fiscal 2004, 0.7% lower than 2003.

Personal Consumption Expenditures ("PCE")

PCE represents the market value of all goods and services purchased by households and non-profit institutions, excluding the purchase of homes. Visa measures success by its ability to displace consumers' use of cash and checks as a percentage of worldwide PCE. Today, worldwide PCE is valued at \$24.0 trillion and is comprised primarily of cash and checks. Visa has increased its share of worldwide PCE from 7.6% in fiscal 2003 to 8.1% in fiscal 2004, demonstrating continued consumer

preference to use Visa as a convenient and flexible alternative to cash and checks. A key driver of PCE growth is the continued expansion of our global acceptance network. This expansion results from the growing number of cards issued, the growing acceptance of Visa at new merchant locations, strong growth in the e-commerce sector and the ongoing expansion of the Visa/PLUS ATM network.

Membership

Membership is generally open only to banks and other deposit-taking institutions organized under local banking laws. Applicants for membership must go through a screening process to ensure that they meet eligibility standards defined in our By-Laws. The Visa International operating regulations specify the minimum standards with which members must comply when operating and participating in the Association. The regulations specify the general rules, dispute resolution efforts and card and marks usage requirements.

Member Settlement Risk

Under its corporate By-Laws, and subject to compliance with Visa International rules, the Company indemnifies a member for any loss suffered due to failure of any other member to honor drafts, travelers cheques or other instruments processed in accordance with the Company's operating regulations. To manage the exposure under this indemnification and the resulting risk to all members, the Board approved a formalized set of credit standards that all regions adhere to in managing settlement risk. These standards are intended to protect the membership from losses resulting from member settlement failure.

The member risk policy (the "Policy") establishes guidelines for operating the member risk function on a decentralized basis. Under this approach, regional staff is responsible for evaluating applicants and members and implementing appropriate risk control measures. Visa International is responsible for monitoring adherence to the Policy through ongoing reviews by personnel of the member risk department and audits conducted by internal audit staff. The Policy stipulates that the staff will report to the respective Boards at least annually.

The Policy addresses responsibilities, reporting requirements, financial liabilities, credit evaluation processes and risk control measures. To a large degree, the Policy is patterned after the credit-rating systems of major international banks with extensive correspondent banking networks. The Policy requires an evaluation of every applicant and member relative to the standards governing each of the following three areas of risk: 1) Country risk: the risk that a member is unable to settle because of restrictions (e.g., foreign exchange controls) imposed by a country, 2) Institutional risk: the risk that a member is unable to meet its settlement obligations to other members due to its own financial condition and 3) Program risk: the risk associated with the specific characteristics of the member's card program that could negatively impact the financial viability of the institution or hinder the transfer of the program should the member fail (e.g. high charge-backs because of abundant high-risk merchants). All members with significant exposure are assessed at least quarterly to distinguish between acceptable and unacceptable risks.

If a member fails to meet any of the acceptable standards as established by the Policy, it will be subject to appropriate risk control measures. Potential risk control measures include, but are not limited to, program restrictions, establishment of contingency plans, collateralization and program termination.

Competition

Visa competes worldwide against all forms of payment, including paper-based transactions (principally cash and checks) and electronic transactions such as wire transfers and Automated Clearing House ("ACH") payments. While we have gained ground versus cash and checks, these forms of payment still capture the largest overall percentage of worldwide transaction volume. Within the global general purpose card industry (credit, debit and prepaid payment), Visa faces increasing competition around the globe from MasterCard, American Express, Diners Club, Discover (principally in the U.S.) and JCB (principally in the A-P region). Compared to these specific competitors, we believe Visa captures the largest share of global personal consumption expenditures. In select geographic markets we also encounter competition from local debit networks, from retail stores and petroleum companies that issue their own payment cards.

Employees

We believe that our ability to attract and retain qualified employees is an important factor in our growth, development and future success. To date, we have been successful in recruiting and retaining sufficient numbers of qualified personnel to conduct our business.

Executive Officers

The following table sets forth information regarding certain executive officers in both our unincorporated and separately incorporated regions.

Visa International

Christopher J. Rodrigues	President and Chief Executive Officer, Visa International
Ann L. Cobb	President, Visa International CEMEA region
Eduardo Eraña	President, Visa International LAC region
Rupert G. Keeley	President, Visa International A-P region

Incorporated Regions

Derek A. Fry	President, Visa Canada
Carl F. Pascarella	President and Chief Executive Officer, Visa U.S.A.
Johannes (Hans) I. van der Velde	President and Chief Executive Officer, Visa Europe

Visa International

Mr. Rodrigues joined Visa International in May 2004 as President and Chief Executive Officer. From 1996 to 2004, he was the Group Chief Executive of Bradford & Bingley, a leading UK-based financial services organization. From 1998 to 2003, he also served as a Non-Executive Director of the Financial Services Authority, the UK financial markets regulator. Prior to joining Bradford & Bingley, he was Chief Executive of Thomas Cook, which he joined in 1988 as Chief Operating Officer. Mr. Rodrigues holds a B.A. degree in Economics and Economics History from Cambridge University and a M.B.A. degree from Harvard Business School. He is currently a Non-Executive Director of Hilton Group plc.

Ms. Cobb has served as President of Visa International CEMEA region since May 1995. From June 1994 to May 1995, she served as general manager of the then newly

formed European Product Office. From 1992 to June 1994, she served as Executive Vice President of Strategy. Prior to joining Visa International, from 1983 to 1992, she was general manager of Eurocard International.

Mr. Eraña has served as President of Visa International LAC region since February 2002. Previously, he served as President of Visa Mexico since 1997. From 1984 to 1997, he served as Executive Vice President of Visa International LAC region. Prior to joining Visa International, he held various senior-level positions at Bancomer, most notably Executive Vice President & Director of Credit Card Operations. Mr. Eraña holds a B.S. degree in Accounting from the Universidad Autonoma de Mexico.

Mr. Keeley has served as President of Visa International A-P region since May 2000. Previously, he served as Executive Vice President of Finance, Administration and Marketing. Prior to joining Visa International, he held various senior-level positions with Standard Chartered plc. Mr. Keeley holds a B.S. degree in Management Sciences from the University of Manchester, England and a M.B.A. degree from City University Business School in London.

Incorporated Regions

Mr. Fry has served as President of Visa Canada since March 1996 following a 35-year career in banking in Canada and the United Kingdom. Prior to joining Visa Canada he held a number of senior management roles at Bank of Montreal as well as other senior positions at Interac and MasterCard Association of Canada.

Mr. Pascarella has served as President and Chief Executive Officer of Visa U.S.A. since August 1993. Previously, he served as President of Visa International A-P region and has been a director of its Board since 1982. Mr. Pascarella holds a M.S. degree in Management from Stanford University and an undergraduate degree from the University of Buffalo. Mr. Pascarella is due to retire from his position in September 2005. A search is currently underway for his successor.

Mr. van der Velde has served as President and Chief Executive Officer of Visa Europe since September 1995. Prior to joining Visa Europe, he was a member of the Executive Management Committee at Rabobank in the Netherlands. Mr. van der Velde holds undergraduate and doctoral degrees in Economics from the University of Amsterdam.

Visa International and Subsidiaries

2004 Business Highlights

The sections that follow provide an overview of some of Visa International's (A-P, CEMEA, LAC and VWS) accomplishments in 2004.

Asia Pacific Region

Retail Sales Volume continued to be strong with growth of 11% over 2003, however a decrease in cash volumes of 21%, primarily in Korea, was responsible for a 2% overall decline in CSV. Commercial programs in Asia Pacific grew strongly during the year and increased by 24% over 2003.

2004 was marked by a number of significant achievements.

- Debit Cards – the region achieved a breakthrough with volume growing by 20%, with many issuance mandates and the launch of the world's first unembossed flag program.
- Contactless Cards – various initiatives have spurred growth in multiple markets across the region.
 - Visa sponsored smart card platforms provide contactless functionality for transit applications and there are now approximately 11 million contactless cards in the region.
 - Asia Pacific also launched the world's first EMV-compliant contactless card pilot in Malaysia. Based on the excellent results from the pilot, plans are underway to expand deployment in other markets.
- Chip – the region has also been very active in migrating to chip technology. Many acquirers have now upgraded their systems and 24 million EMV cards have been issued, with national migrations underway in many of the major markets in the region.
- Mini card – this design made a strong debut in 2004 with 1.2 million cards issued, generating almost \$1 billion of CSV.
- In China, 3.7 million international-use cards have been issued, of which most were dual currency cards allowing transactions in the local currency (Renminbi) as well as another currency (e.g. U.S. dollars).

Central and Eastern Europe, Middle East and Africa

In 2004, the Central and Eastern Europe, Middle East and Africa region experienced significant progress and change. Growth for the region continued to be strong, with CSV increasing 37% and RSV 35% in the year ended September

30, 2004. All programs experienced robust growth with Visa Electron leading the way with 40% growth.

During the year, eight CEMEA countries joined the European Union, and subsequently, their member banks transitioned to Visa Europe. This was a major program for both regions involving more than a year of detailed planning. These accession countries accounted for some 30% of CEMEA's business. However, the rate of growth in the remaining CEMEA countries is projected to propel business volumes back to the 2004 levels within the space of one year as we enter new markets and experience significant growth in the existing ones.

During the year the region achieved a number of significant developments.

- The business reached important card issuance milestones in a number of key countries: Russia (13 million), South Africa (11 million), Ukraine (6 million), Saudi Arabia (3 million), UAE (2 million), Kazakhstan (1.6 million) and Serbia (1 million). Serbia reached the 1 million card mark at a rate unprecedented within Visa.
- New offices were opened in Egypt and Romania – locating key functions closer to members in the key markets we serve will deepen relationships and increase the effectiveness of our service.
- A number of new chip based products were launched, such as the Moscow Social Card. By September 2004, nearly 50% of the POS (point-of-sale) terminal base had been upgraded to support chip. Now 70 Issuers in 20 countries and 71 Acquirers in 26 countries are chip certified.

Latin America and Caribbean Region

The Latin American and Caribbean region continues to exhibit outstanding growth. For the four quarters ended September 30, 2004, CSV grew 23% and RSV grew 26%. The consumer business grew by 23% and commercial solutions by 45%. The region experienced strong growth in both the debit business (24%) and credit business (22%). In addition to this excellent volume growth, the region had a number of accomplishments during the year.

- In Brazil, a key market and driver in the region's growth, CSV grew by 36% in 2004, and a milestone 100 million cards issued was reached. Approximately 1.2 million

Visa Vale lunch and food voucher cards were sold to corporations in Brazil.

- Visa Smart Debit and Credit – the region is actively working with issuers and acquirers for Visa Smart Debit and Credit projects in 8 countries. The two largest markets, Brazil and Mexico, have countrywide migration projects in process.
- Mini cards – Mexico was the first country in the region to issue Mini cards. There are already more than 1 million Mini cards in the region in 13 countries and 30 banks. Mini has been implemented for Credit, Debit, Prepaid and Infinite cards.
- Commercial products – driven by innovative new products, volume grew by 45% in 2004. Visa Business cards increased by 131%. The region also introduced the Visa Business Electron product to address the limited credit information for small businesses.
- Consulting services – as part of the region's focus on providing specialized value added services to key members, the region has worked closely with members implementing consulting projects in portfolio management, fraud prevention, operational efficiency and regulatory risk prevention by combining local knowledge and expertise with global best practices. During FY04, Visa LAC completed more than 50 projects with members in the region.

Visa Worldwide Services (VWS)

There are a number of activities that are performed centrally on behalf of all regions. These include the development of the Association's worldwide strategy, global settlement, global brand development, sponsorships and partnerships including management of the Olympics program, the development of new product platforms and the enhancement of existing product platforms. VWS also includes the activities of the Chief Technology Officer and the core corporate Risk, Audit, Finance, Human Resources and Legal functions.

The VWS organization had a number of significant accomplishments during 2004.

- Athens Olympics – this unique global event was very successful, contrary to some commentators' expectations and our sponsorship of the Games continues to enhance the Visa brand.

- Brand re-architecture – during 2004, a new brand architecture blueprint was developed to align over 70 products and services now offered under the Visa brand. When completed, the new Visa branding system will establish a platform for reinforcing Visa's leadership in the payments industry.
- Global Reputation Initiative – we began active communication of Visa's role and activities within the worldwide payment system market to interested stakeholders around the world. Widespread research was undertaken on Visa's reputation including interviews with regulators, merchants, members, media and consumers in 19 countries.
- Reengineering Disputes (RED) – this project will improve the dispute resolution process by reducing timeframes, simplifying rules, automating document transfer and requiring fewer documents yielding material financial benefits to members.
- Visa Commerce Pilot – this new transaction-based business model was developed to support large business-to-business payments using existing Visa platforms. Visa Commerce provides new revenue opportunities to members and gives them the ability to cross sell corporate clients.

The table on the following page reports the consolidated selected financial results for Visa International (A-P, CEMEA, LAC and VWS).

Visa International and Subsidiaries
Selected Financial Data

Statement of Operations Data

(In thousands)

For Years Ended September 30,	2004	2003	2002	2001	2000
Total Revenues	\$1,434,099	\$1,376,386	\$1,215,935	\$1,198,928	\$1,517,585
Total Operating Expenses	1,360,816	1,326,788	1,189,572	1,140,466	1,392,033
Operating Income	73,283	49,598	26,363	58,462	125,552
Interest and Other, net	(5,576)	(9,032)	10,415	18,595	17,583
Income Before Provision for Income Taxes	67,707	40,566	36,778	77,057	143,135
Provision for Income Taxes	35,418	23,141	14,722	27,753	51,509
Income from Continuing Operations	32,289	17,425	22,056	49,304	91,626
Income (Loss) from Discontinued Operations, net of Taxes	-	1,555	3,954	(30,707)	-
Net Income	\$ 32,289	\$ 18,980	\$ 26,010	\$ 18,597	\$ 91,626

Balance Sheet Data

(In thousands)

September 30,	2004	2003	2002	2001	2000
Current Assets	\$1,474,357	\$1,966,216	\$1,699,871	\$1,497,010	\$1,338,886
Premises and Equipment, net	183,761	260,391	229,387	236,977	208,577
Other Assets	131,064	172,195	183,164	170,545	168,158
Total Assets	\$1,789,182	\$2,398,802	\$2,112,422	\$1,904,532	\$1,715,621
Current Liabilities	\$1,263,854	\$1,885,223	\$1,624,781	\$1,434,729	\$1,182,189
Long-Term Obligations	64,380	85,157	100,511	86,191	104,670
Total Liabilities	1,328,234	1,970,380	1,725,292	1,520,920	1,286,859
Minority Interest	7,000	7,000	7,000	7,000	7,000
Total Members' Equity	453,948	421,422	380,130	376,612	421,762
Total Liabilities, Minority Interest and Members' Equity	\$1,789,182	\$2,398,802	\$2,112,422	\$1,904,532	\$1,715,621

The selected Visa International consolidated financial data presented above for each of the five fiscal years ended and as of September 30, 2004 are derived from Visa International's consolidated financial statements, which have been audited by KPMG LLP, Independent certified public accountants. The comparability of our financial data was affected by the sale of Inovant, Inc. to Visa U.S.A. and the subsequent formation of Inovant LLC on January 1, 2003 and the EU region incorporation on July 1, 2004. The operating results of Inovant are reported as discontinued operations for fiscal 2003, 2002 and 2001, and the results of operations for fiscal 2003 only include results from Inovant for the three months ended December 31, 2002. Starting with fiscal 2003, the balance sheet excludes balances from Inovant. In addition, due to the incorporation of the EU region, the results of operations for fiscal 2004 only include results from the EU region for the nine months ended June 30, 2004. The balance sheet data at September 30, 2004 exclude amounts from the EU region. Refer to Notes 4 and 5 to the Consolidated Financial Statements included herein for an expanded description of these transactions. The data set forth above should be read in conjunction with, and are qualified by reference to, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements and Notes thereto, included elsewhere in this Report.

Visa International and Subsidiaries

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the Visa International Consolidated Financial Statements and related Notes thereto, included elsewhere in this report.

Forward-Looking Statements

The following cautionary statements address a number of important factors that could cause actual results to differ from those expressed or implied in the forward-looking statements contained in this document.

This discussion contains certain statements that are forward-looking. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Actual outcomes and results may differ materially from those expressed in, or implied by, the forward-looking statements. These statements are representative only as of the date they are made and the Company undertakes no obligation to update any forward-looking statement. Possible events or factors that could cause results or performance to differ materially from those expressed in forward-looking statements include, but are not limited to, the following: changes in general economic and political conditions; the intense nature of competition in the global payments industry; technological or regulatory developments in the global payments industry; the continuing credit-worthiness of members and the outcome or impact of legal proceedings.

Overview

The Company manages revenues, expenses and capital investments to generate profits sufficient to fund the ongoing operation and development of the payments system, to fulfill financial obligations and to maximize long-term growth of the Company's products and services. The Company's primary business is to operate, expand, enhance and support a global payments system. Visa International's products enable members to profitably provide consumers and businesses worldwide access to their financial resources in a cost-efficient, secure and convenient manner.

Results of Operations

Despite challenges in fiscal 2004 around the world from such events as the Iraq war and a fluctuating global economy, Visa achieved a successful year. Visa International's results of

operations include results from unincorporated regions (the A-P region, the CEMEA region and the LAC region) and Visa's corporate headquarters. Visa U.S.A., Visa Europe and Visa Canada are separately incorporated group members, with Visa Europe becoming a group member on July 1, 2004 after the incorporation of the EU region. Accordingly, Visa International's results of operations exclude Visa U.S.A. and Visa Canada and only include results from the EU region for the first nine months of fiscal 2004 versus 12 months in fiscal 2003 and 2002. The impact of the results from the EU region on various revenue and expense categories from fiscal 2003 to 2004 is noted below. Visa International did earn group member fees (but incurred no expenses) from Visa Europe in the fourth quarter of 2004.

Comparison of Fiscal 2004 to 2003

Revenues

Visa International does not issue cards, set related fees or determine the interest rates consumers will be charged on Visa branded cards. Issuing members have the responsibility for determining these and most other competitive card features. The Company derives revenue from quarterly service fees paid by members based upon their utilization of Visa branded products in the preceding quarter as measured by CSV. Multicurrency conversion fees are generated when foreign currency is involved to process international transactions. Data processing fees are charged to members and third parties for providing transaction authorization and clearing and settlement services that facilitate transaction processing, information flow and monetary transfers among members. Card recovery bulletin fees are paid by card-issuing members primarily for the service of posting blocked cardholder accounts in a listing that is available to members. Other non-operating revenues are primarily earned from product enhancements, risk related penalty charges, initial new member fees, licensing and certification and strategic investments.

Visa International provides global brand management, product enhancements, development of payments systems and corporate support to the entire Visa enterprise. The Company charges cost-based fees allocated based on sales volume for these services. Visa International is also a party in various agreements, which allow the Visa entities to provide services to each other at negotiated fees. Total